



U.S. Department
of Transportation

**Research and
Special Programs
Administration**

400 Seventh St. S.W.
Washington, D.C. 20590

JUL 28 2004

Mr. Jim G. Townsend
Vice President, Pipeline and Terminals
Navajo Refining Co. – Pipeline Division
P.O. Box 159
Artesia, New Mexico 88211-0159

Re: CPF No. 5-2003-5030

Dear Mr. Townsend:

Enclosed is the Final Order issued by the Associate Administrator for Pipeline Safety in the above-referenced case. It makes a finding of violation and finds that you have completed the actions specified in the Notice required to comply with the pipeline safety regulations. The Final Order also finds that you have addressed the inadequacies in your procedures that were cited in the Notice of Amendment. This case is now closed. Your receipt of the Final Order constitutes service of that document under 49 C.F.R. § 190.5.

Sincerely,

James Reynolds
Pipeline Compliance Registry
Office of Pipeline Safety

Enclosure

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

DEPARTMENT OF TRANSPORTATION
RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, DC 20590

In the Matter of

Navajo Refining Co.,

Respondent

CPF No. 5-2003-5030

FINAL ORDER

On August 12-14 and 26-27, 2003, pursuant to 49 U.S.C. § 60117, representatives of the Office of Pipeline Safety (OPS) and the State of New Mexico conducted an on-site pipeline safety inspection of Respondent's integrity management program and records in Artesia, New Mexico. As a result of the inspection, the Director, Western Region, OPS, issued to Respondent by letter dated December 8, 2003, a Notice of Probable Violation, Proposed Compliance Order, and Notice of Amendment (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Respondent had violated 49 C.F.R. § 195.452 and proposed that Respondent take certain measures to correct the alleged violation. The Notice also alleged inadequacies in Respondent's integrity management program and proposed to require amendment of Respondent's procedures to comply with the requirements of 49 C.F.R. § 195.452.

Respondent responded to the Notice by letter dated January 7, 2004 (Response). Respondent did not contest the allegations but provided information concerning the corrective actions it has taken, including copies of its revised procedures. Respondent did not request a hearing, and therefore has waived its right to one.

FINDING OF VIOLATION

In its Response, Respondent did not contest the violation alleged in Item 1 of the Notice. Accordingly, I find that Respondent violated the following section of 49 C.F.R. Part 195, as more fully described in the Notice:

49 C.F.R. § 195.452(c)(1)(i) – failing to assess the integrity of low frequency electric resistance welded (ERW) pipe susceptible to longitudinal seam failure using a method capable of assessing seam integrity. Respondent's pipeline from MP 179 to PD Terminal contains pre-1970 low frequency ERW pipe. Respondent's written baseline assessment showed the integrity of the pipeline was assessed using a magnetic flux leakage tool and a geometry tool. While these devices are capable of detecting corrosion and deformation anomalies, they are not capable of assessing seam integrity. *See e.g.*, NACE RP0102-2002.

This finding of violation will be considered a prior offense in any subsequent enforcement action taken against Respondent.

COMPLIANCE ORDER

The Notice proposed a compliance order with respect to Item 1. Under 49 U.S.C. § 60118(a), each person who engages in the transportation of hazardous liquids or who owns or operates a pipeline facility is required to comply with the applicable safety standards established under Chapter 601. The Director, Western Region, OPS, has reviewed the corrective action taken by Respondent and has determined that compliance has been achieved with respect to this violation. Accordingly, it is not necessary to include the compliance terms in this order.

AMENDMENT OF PROCEDURES

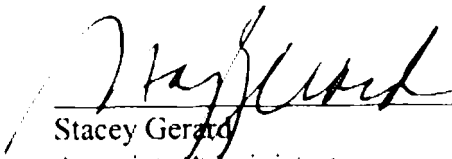
Items 3, 4 and 5 in the Notice alleged inadequacies in Respondent's integrity management program and proposed to require amendment of Respondent's procedures to comply with the requirements of 49 C.F.R. § 195.452. In its response, Respondent submitted copies of its amended procedures, which the Regional Director has reviewed. Accordingly, based on the results of this review, I find that Respondent's original procedures as described in the Notice were inadequate to ensure safe operation of its pipeline system, but that Respondent has corrected the identified inadequacies. No need exists to issue an order directing amendment.

WARNING ITEM

The Notice did not propose a civil penalty or corrective action for Item 2, but warned Respondent that it should take appropriate corrective action to correct the item. The warning was for:

49 C.F.R. § 195.452(h)(4)(i)(D) – failing to immediately repair a dent located at the top of the pipeline at approximately the 12 o'clock position with a depth of 9.4% of the nominal pipe diameter.

Respondent presented information in its response showing that it has addressed the cited item. Respondent is again warned that if OPS finds a violation for this item in a subsequent inspection, enforcement action will be taken.


Stacey Gerard
Associate Administrator
for Pipeline Safety

JUL 28 2004

Date Issued